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Triennial review of the implementation of the recommendations from the programme evaluation of the International Trade Centre

Report of the Office of Internal Oversight Services

Summary

The present report of the Office of Internal Oversight Services (OIOS), prepared by the Inspection and Evaluation Division, is submitted in accordance with the decision taken by the Committee for Programme and Coordination at its twenty-second session (A/37/38 (Supp), para. 362) to establish triennial reviews of the implementation of decisions taken by the Committee on the basis of in-depth evaluation studies. The triennial review determined the extent to which the five recommendations emanating from the Division's programme evaluation of the International Trade Centre (ITC) have been implemented.

The evaluation recommendations of the Inspection and Evaluation Division of OIOS addressed various aspects of relevance, effectiveness and efficiency in the execution by ITC of its mandate. At the conclusion of its fifty-fifth session, the Committee for Programme and Coordination recommended that the General Assembly endorse the Division's evaluation report. ITC has taken significant steps to implement all the recommendations contained in the Division's evaluation of 2015. The triennial review determined that four recommendations (recommendations 1–3 and 5) have been implemented, while one recommendation was partially implemented (recommendation 4).

* The dates for the substantive session are tentative.
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There is evidence of some early positive changes to the ITC programme as a result of the implementation of the recommendations. As compared with 2015, ITC was more focused on core corporate priorities, which were, overall, better aligned with client and donor priorities, resulting in specific ITC projects also better aligned with corporate priorities. Its core corporate priorities have been institutionalized through the use of results-based management tools such as logical frameworks and theories of change. The reporting and evidence generation on results, including higher-level results, has improved. ITC had, through its programmes, advanced the promotion of women, youth and the environment in trade. Early indications of positive outcomes were noted, although the real impact of the implementation of the five recommendations on the work of ITC could not yet be assessed and would require sustained attention from ITC.

Recommendation 1 focused on monitoring and reporting on the implementation of ITC action plans formulated in response to the 2014 independent evaluation of ITC, as well as the 2015 OIOS evaluation. ITC had since monitored and reported regularly to the Joint Advisory Group and the Consultative Committee of the ITC Trust Fund on the implementation status of actions taken on both evaluations. As a result of reporting on the action plans, action to address the implementation of the recommendations from both evaluations was taken in a timely manner.

Recommendation 2 addressed the need for ITC to adopt a more holistic, data-driven approach to strategic planning and budgeting. Since 2015, ITC had made various efforts to sharpen the strategic focus of ITC to better match its corporate priorities with global needs and with client and donor priorities. The strategic plan identified six focus areas and a number of key initiatives. A corporate results framework established development outcomes, indicators and targets that ITC intended to achieve through its portfolio of projects and programmes. The resource mobilization strategy demonstrated the intention to move from a donor-driven model to one that is more driven by ITC corporate priorities.

Recommendation 3 addressed the need to operationalize the ITC strategic plan by ensuring that the programme and project approval protocol aligns ITC projects with corporate priorities and that an objective needs assessment is carried out, while paying adequate attention to monitoring, evaluation and risk management. ITC has implemented the new project portal (NPP), and an online project management tool and, since 1 January 2016, the entire ITC portfolio of projects has been managed through the new system. This included: (a) project alignment with corporate priorities, as all new programmes and projects have to be in line with the corporate results framework; (b) needs assessments; (c) risk management plans to identify and assess risks and provide information on how risks will be managed; and (d) monitoring and evaluation plans.

Recommendation 4 addressed the need for ITC to enhance its capacity to generate more evidence on the results achieved by its interventions and on the cost-effectiveness of these interventions. The ITC Independent Evaluation Unit developed comprehensive evaluation guidelines (July 2017) and prepared an online training programme for project managers. Nevertheless, actual capacity development appeared to be limited at the time of the review (December 2017). While significant steps were taken to strengthen impact assessment, this remained a work in progress and required continued attention. With regard to the costing methodology, ITC had not finalized this, and the independence of the Unit remained suboptimal.

Recommendation 5 addressed the need for ITC to integrate the cross-cutting issues of gender, youth and the environment into its projects. Each of the 15 ITC programmes in existence explicitly considered these cross-cutting issues. Moreover, the new project portal required each project to show how it contributed to the cross-cutting issues. Most importantly, gender, youth and the environment were elevated to become corporate priorities, resulting in increased focus and positive outcomes in these three areas in ITC projects. ITC had also commenced integrating cross-cutting issues into capacity development, although this could be further strengthened.

Three important changes remained to be fully effected: (a) The shift from earmarked to unearmarked resources, despite the adoption of a more strategic approach to resource mobilization; (b) enhancement of the impact assessment of ITC work; and (c) enhancement of the structural independence of the evaluation function by abolishing the dual reporting line. The Independent Evaluation Unit should exclusively report to the Executive/Deputy Executive Director on all matters.

I. Introduction

1. At its fifty-fifth session in 2015, the Committee for Programme and Coordination considered the report of the Office of Internal Oversight Services (OIOS), prepared by the Inspection and Evaluation Division on the programme evaluation of the International Trade Centre (ITC) (E/AC.51/2015/8).

2. The Committee underscored the important work carried out by ITC, in particular its effectiveness, its proactivity and its specific efforts in supporting least developed and landlocked countries. The Committee recommended that the General Assembly should endorse the recommendations contained in paragraphs 55 to 60 of the report of the Inspection and Evaluation Division of OIOS on the evaluation of ITC. The Committee noted that the report contained useful recommendations for improving the performance of ITC and that most validated the outcomes of the independent evaluation of ITC completed in June 2014 (A/70/16, paras. 202, 206 and 207).

3. The present report is issued pursuant to a triennial review of the recommendations, and examines the status of implementation of the five recommendations contained in the OIOS report. The review also discusses whether, and if so, to what extent, implementation of the recommendations has contributed to programme changes.

4. The methodology of the triennial review included:

(a) Review and analysis of biennial progress reports on the status of recommendations, which are monitored through the OIOS recommendations database;

(b) Analysis of relevant information, documents and reports obtained from ITC on various topics related to the recommendations;

(c) Interviews conducted in person or over the telephone with a purposive sample of ITC key staff.

5. The report incorporates comments received from ITC during the drafting process. A final draft was shared with ITC, on which comments were provided, which are attached in annex I. The Inspection and Evaluation Division of OIOS expresses its appreciation for the cooperation extended by ITC in the preparation of the present report.

II. Results

6. The mandated role of ITC is to support developing countries, post-conflict States and transitional economies and to serve as the focal point in the United Nations system for technical cooperation with developing countries and economies in transition in promoting trade and export development. Through its programmes, ITC encourages entrepreneurship and empowers micro, small and medium-sized enterprises to integrate into regional and global value chains. The main intergovernmental policy forum of ITC is the Joint Advisory Group on the International Trade Centre UNCTAD/WTO, to which it reports for substantive programme review and policy guidance.

7. The ITC evaluation contained five recommendations to ITC, namely, that it (a) monitor and report on the implementation of recommendations from its evaluation reports; (b) prioritize ITC corporate work; (c) revise the project approval protocol; (d) improve ITC capacity in the generation of evidence of results and the cost-effectiveness of its work; and (e) institutionalize the cross-cutting issues of gender, youth and the environment into projects. The review determined that four

recommendations (recommendations 1–3 and 5) have been implemented, while one recommendation (recommendation 4) has been partially implemented. There is some evidence of concrete positive outcomes resulting from the implemented recommendations. The implementation status of each of the five recommendations is discussed below.

Recommendation 1
Monitor and report on the implementation of recommendations from evaluation reports

8. Recommendation 1 reads as follows:

> The Office of the Executive Director of ITC should directly and regularly monitor operational units' implementation of the action plans formulated in response to the 2014 evaluation of ITC and the present evaluation, and report regularly on the implementation status of both action plans to its parent organizations and donors through the Joint Advisory Group.
>
> Indicator of achievement: Implementation of action plans regularly monitored, and implementation status regularly reported to the Joint Advisory Group, directly by the Office of the Executive Director

9. The recommendation required follow-up to the two evaluations of ITC conducted in 2014 and 2015. The 2014 evaluation was commissioned by ITC donors as an independent evaluation of ITC, covering the period 2006–2013, and was conducted by an external consultancy in 2014.[1] The ITC management response was endorsed by the Joint Advisory Group in January 2015. The 2015 evaluation was required for consideration by the Committee, conducted by the Inspection and Evaluation Division of OIOS and completed in March 2015. Both evaluations gave rise to action plans to implement the recommendations contained therein.

10. In order to monitor and report on the implementation of the action plans, ITC compiled the actions emanating from both evaluations into a single set of actions, while still clearly indicating the original source of the action: either the donor-commissioned evaluation or the evaluation by the Inspection and Evaluation Division of OIS. The implementation of the combined set of actions has been monitored and reported annually since 2015 in a report on the implementation of the ITC management response actions.

11. The report on the implementation of the ITC management response actions — which is available on the ITC public website[2] — provided a systematic account of the implementation status of the actions. The report captured the actions, the means of verification of the implementation status, the relevant actors within ITC, the completion date of the implementation, the current status and comments elaborating on actions taken.

12. The report was first presented to the members of the Joint Advisory Group in June 2015, with 48 actions to be taken by ITC management, and an annual update on the actions taken. The report was updated for the Consultative Committee of the ITC Trust Fund in November 2015, for the Joint Advisory Group meeting in 2016 and for a fourth time in June 2017 to inform Consultative Committee and Joint Advisory Group members about the implementation status of the 48 actions. In that most recent update, the report indicated 94 per cent of the actions implemented and three actions

[1] Independent evaluation of the International Trade Centre (ITC): final report (Saana Consulting, May 2014). Available from www.intracen.org/itc/about/how-itc-works/evaluation/.
[2] www.intracen.org/itc/events/JAG/.

as work in progress.[3] The periodic reporting to the Joint Advisory Group demonstrated the timely implementation of these actions, which contributed to positive changes in the organization.

13. The recommendation has been implemented.

Recommendation 2
Prioritize ITC corporate work

14. Recommendation 2 reads as follows:

> To enhance efforts to strengthen its results orientation, ITC should incrementally adopt a more holistic, data-driven approach to planning and budgeting while still seeking alignment with donor and client priorities. Anchored in the 2016–2017 strategic framework and 2015–2017 strategic plan, this approach should include:
>
> (a) A needs assessment methodology to ensure that ITC prioritizes its corporate work, programmes and projects across regions, countries and industries where its expertise is most needed and where it can make the most difference in relation to other actors;
>
> (b) A medium-term strategy for gradually moving the organization toward this more holistic, needs-based and data-driven approach, to complement the demand-driven model.
>
> Indicator of achievement: Documents drafted and their meaningful implementation monitored

15. The evaluation report of the Inspection and Evaluation Division of OIOS indicated that the products and services of ITC were tailored to the priorities of donors and assisted Governments and some beneficiaries, but were not prioritized using a strategic, risk-based approach. The lack of a more strategic approach was attributed, at least in part, to the heavy reliance of ITC on (notably, earmarked) extrabudgetary resources. While the ITC donor- and beneficiary-driven approach was possibly fulfilling certain needs, this approach did not necessarily ensure that ITC was consistently supplying products and services where needs were greatest, or that its interventions were targeted to the countries, sectors and small and medium-sized enterprises where it could achieve the greatest impact on reducing poverty. ITC did not indicate precisely which countries would be prioritized on the basis of a specific needs assessment,[4] nor did it systematically analyse gaps in the aid-for-trade arena where it could complement other initiatives. The "thought leader" survey indicated that there was limited understanding of the comparative advantage of ITC relative to other actors.[5] The recommendation addressed the need for ITC to develop a holistic approach to prioritizing its corporate work.

16. ITC management accepted the recommendation with an important caveat: the recommendation was seen as a challenge for ITC because, as a small agency, it found it difficult to invest in thorough, in-depth and universal needs analyses. While the recommendation was accepted, ITC stressed that it would do so carefully to make sure that it was complementary to the valuable role ITC plays as a trusted broker between demand for its services and the funding that is available for them.[6]

[3] The 2014 independent evaluation of ITC and the 2015 OIOS Programme Evaluation of the ITC: Report on the implementation of the ITC management response actions — update on the implementation status, 30 June 2017, p. 1.

[4] E/AC.51/2015/8, paras. 31–36.

[5] Ibid., paras. 38–40.

[6] Ibid., annex, para. 5.

Subsequently, the Committee encouraged ITC to target the regions, countries and industries most in need of its expertise.[7]

17. Since 2015, ITC has taken several steps to sharpen its strategic focus in order to better align corporate priorities with client and donor priorities. ITC had a strategic plan 2015–2017, which was subsequently updated by a new strategic plan 2018–2021. In these strategic plans, ITC established six focus areas (also referred to as thematic priorities):[8]

(a) Globally accessible trade and market intelligence;

(b) Building a conducive business environment;

(c) Strengthening trade and investment support institutions;

(d) Sector and enterprise development;

(e) Inclusive and green trade;

(f) Supporting regional economic integration and South-South trade and investment.

18. Each focus area was broken down into a limited number of "key initiatives", adding another level of prioritization.

19. ITC also established a corporate results framework, which showed the development outcomes, indicators and targets that ITC intended to achieve with its portfolio of projects and programmes. The framework required specific projects and programmes to contribute to corporate results, and ITC country and regional interventions adapted ITC programmes to suit local needs. ITC project design methodology required a clear demonstration of the comparative advantage of ITC in the planned area of intervention and its alignment with corporate priorities. The methodology included a project design template that required answers to specific questions when completing the "competitive design" section in the template. Questions included: "Why ITC? What are other agencies doing in this area? What is the comparative advantage of ITC for implementing this project?" ITC comparative advantages were also assessed at the ITC programme level. In this regard, an assessment of other organizations was conducted in 2016 (e.g., the "Assess, Improve, Measure for results" programme). In developing both the 2015–17 and 2018–21 strategic plans, ITC conducted extensive consultation with its stakeholders. Consultations included surveys requesting stakeholders to suggest areas for ITC focus and to assess its strengths and weaknesses.

20. ITC completed and implemented a resource mobilization strategy in 2015.[9] Among several objectives, two demonstrated the intention to move from a client and donor-driven model to one more driven by the following corporate priorities:

(a) Make financing longer term, flexible and needs driven; refocusing funders from strictly earmarked to unearmarked financing aligned with ITC programmatic needs/prioritization;

(b) Ensure "one single agenda" for fundraising, particularly through Agency-wide prioritization, coordination and matchmaking of ITC interventions with those of funder preferences.

21. Although one of the overall objectives of the resource mobilization strategy is that financing should be more flexible, needs-driven and with more unearmarked

[7] A/70/16, para. 208.

[8] ITC strategic plan 2018–2021: trade routes to sustainable and inclusive development. Available from www.intracen.org/itc/about/working-with-itc/corporate-documents/strategic-plan/.

[9] Boosting ITC resource mobilization for greater impact 2015–2017 (ITC, 2015).

aligning with ITC priorities, financial data for the years 2014–2016 did not reveal such a trend (see table 1). In fact, unearmarked and soft-earmarked contributions from donors (Window I) decreased, both as a percentage and in absolute terms, while bilateral contributions for specific projects and programmes (Window II) increased, again both as a percentage and in absolute terms. ITC staff interviewed indicated that the refugee crisis in Europe had a negative impact on their efforts to increase unearmarked (or soft-earmarked) resources, as donor priorities have shifted to humanitarian aid. Final figures of net income for 2017 were not available at the time of the review. However, staff also explained that, while preliminary figures indicated that, although Window I income did not increase in 2017, multi-year agreements signed in 2017 indicated growth in Window I funding for the coming years.[10]

Table
International Trade Centre, net income received 2014–2016

	2014		*2015*		*2016*	
Budget	*$M*	*%*	*$M*	*%*	*$M*	*%*
Regular budget	40.93	45	37.42	40	38.6	41
Programme support costs	5.18	6	5.59	6	5.07	5
Extrabudgetary resources, Windows I	17.59	20	15.9	17	10.9	12
Extrabudgetary resources Windows II	26.4	29	34.63	37	39.82	42
Total	**90.1**	**100**	**93.54**	**100**	**94.39**	**100**

Source: ITC annual reports 2014, 2015 and 2016.

22. Notwithstanding this trend, ITC projects continued to be in line with corporate priorities. The 2017 annual evaluation synthesis report indicated that seven out of nine projects were rated by evaluators as either "highly satisfactory" or "satisfactory" in terms of "project relevance", which is an assessment of the consistency of the objectives of an intervention with ITC corporate goals and comparative advantages, the client country's development strategy or policy priorities, as well as the beneficiaries' needs. Of the nine projects evaluated, four were independent evaluations conducted by ITC and five were evaluations commissioned by funders and co-financiers. The average relevance rating of the funder-commissioned evaluations was slightly higher as compared with those conducted by ITC.[11]

23. In addition to the six focus areas, ITC has geographic priorities. The new strategic plan 2018–2021 stipulates that ITC is committed to ensuring that at least 80 per cent of its country-level interventions benefit least developed countries, land-locked developing countries, small-island developing States, small vulnerable economies, post-conflict and fragile States and sub-Saharan Africa. Its annual report 2016 indicated that over 85 per cent of country specific assistance already went to these priority countries.[12]

24. Overall, efforts to sharpen programme focus and balance client and donor priorities with corporate priorities were reflected in ITC strategic plans. The strategic process was, however, not based on a global needs assessment, as indicated at the time of the evaluation (i.e., the caveat to the recommendation). According to ITC staff

[10] Consultative Committee for the ITC Trust Fund report.

[11] See ITC, 2017 annual evaluation synthesis report, table 2. Available from www.uneval.org/evaluation/reports.

[12] ITC annual report 2016, p. 2. Available from www.intracen.org/itc/about/working-with-itc/corporate-documents/annual-report/.

interviewed, lack of data was not the reason, as ITC has a considerable amount of global trade data.[13] The main reason for not conducting a global needs assessment was that ITC staff believed that it would not serve the purpose. ITC had had negative experiences with such a "top-down" approach in 2006, when six selected country programmes, which had been prepared on the basis of a global needs assessment, could not mobilize the necessary funding for the projects. The new strategic plan (2018–2021) was developed on the basis of (a) experience that has shown that ITC had selected the right areas in the prevailing strategy (2014–2017) in which ITC has a comparative advantage vis-à-vis other actors;[14] (b) the areas that are in line with the Sustainable Development Goals; (c) ITC priority countries that adhere to United Nations country categories; and (d) donor priorities that cannot be ignored given the significant share of extrabudgetary resources. The new strategic plan 2018–2021 indicated that, over the next strategy period, ITC intends to integrate new data and analytical tools, make needs assessments and benchmarking surveys more granular and aggregate the data in a single database.[15]

25. ITC staff interviewed indicated that the position of ITC is clearer today than it was three years ago in terms of thematic priorities (i.e. focus areas). Discussions and consultations on the thematic priorities and the formulation of the new strategic plan included feedback received from stakeholders and were at a higher level, not only at the project level. However, ITC could not clearly demonstrate the methodology it used to identify and target the regions, countries and industries most in need of its expertise.

26. Given that the recommendation was initially accepted by ITC with a caveat regarding the appropriateness of a global needs assessment and with ITC efforts to sharpen its strategic focus in order to better align corporate priorities with client priorities and donor priorities, the recommendation has been implemented.

Recommendation 3
Revise the project approval protocol

27. Recommendation 3 reads as follows:

> To ensure the cascading of overall corporate priorities to the operational level, the programme and project approval protocol should be revised to ensure that all projects adequately address the following areas before being approved:
>
> (a) A clear indication of how the intervention's objectives align with identified corporate priorities;
>
> (b) Evidence that a needs assessment has been undertaken, alongside beneficiary and donor consultations, in prioritizing the country and industry at hand with the specific intervention;
>
> (c) Evidence that key risks have been identified and assessed, and a corresponding risk management plan enacted;

[13] Making trade information available to businesses in developing countries has been the raison d'être of ITC. ITC provides online market intelligence for users in developing countries. These global public goods — trade map, market access map and standards map — hold data from more than 190 countries (see ITC annual report 2016, p. 22).

[14] ITC stakeholder survey (April 2017) and consultation session with member States and specific country groupings.

[15] ITC strategic plan 2018–2021, p. 11. Available from www.intracen.org/itc/about/working-with-itc/corporate-documents/strategic-plan/.

(d) A monitoring and evaluation plan for the intervention, commensurate with the intervention's size and overall risk profile, including indicators speaking to results achieved for assisted beneficiaries.

Indicator of achievement: Revised programme and project approval protocol reflecting a clear cascading of overall corporate priorities, resulting in strong alignment between projects and corporate priorities in an increasing number of projects

28. At the time of the evaluation by the Inspection and Evaluation Division of OIOS (2014–2015), ITC was developing a new project portal that would link disparate aspects of the project cycle management process to allow ITC to track, plan and report in a single workflow.[16] Recommendation 3 was intended to contribute to the development of this new project portal, by ensuring that the portal would enhance the alignment of projects with corporate priorities, strengthen the needs-based development of projects, and strengthen project risk management and monitoring and evaluation.

29. The new project portal was implemented with the entire portfolio of ITC projects managed through the new system as of 1 January 2016. The portal encompassed the complete project cycle, including the project planning phase. The review assessed the extent to which the new project portal adequately addressed the four areas identified by the recommendation.

30. **Project alignment with corporate priorities.** ITC developed a corporate results framework and all new programmes and projects were required to refer to this framework. The new project portal specifically required an indication of how a new project was aligned with the corporate strategy, the focus areas and programmes. Project outcome indicators had to be linked to at least one of the seven corporate outcome indicators (reported to the United Nations Secretariat) which ensured alignment and aggregation at corporate level allowing corporate monitoring and decision-making.

31. **Needs assessment.** Both the project idea template and the project plan template included a "needs assessment" section in the relevance chapter. Each functional area of ITC developed diagnostic tools and methodologies to prioritize partner needs. One example was the due diligence of institutional project partners, which included a capacity and risk assessment. Similarly, the ITC benchmarking tool provides trade and investment support institutions with an independent and objective assessment of their institutional situation, efficiency and performance. ITC quality assurance process at the project level ensured that needs assessment was systematically conducted for all projects.

32. **Risk assessment.** The project template in the new project portal included the mandatory requirement to identify and assess risks and assumptions. Moreover, the risk management plan showed how the risks will be managed and reflected "the probability of occurring" and the "impact on project results" if they were to occur. The plan described what would be done should the risk materialize, i.e. the "risk reduction measures".

33. **Monitoring and evaluation plan.** The project plan template in the new project portal required information on the planned monitoring and evaluation activities. The monitoring plan included baselines and targets and showed in detail how, when and by whom each indicator would be measured. The evaluation plan summarized anticipated evaluation arrangements and responsibilities to be undertaken by ITC and/or counterpart(s). The quality of these plans was assessed as part of the project

[16] E/AC.51/2015/8, para. 26.

design and quality assurance process. The project plan template included a separate chapter on evaluation.

34. ITC staff expressed the view that, as a result of the new project portal and the fact that all projects have to be in the new project portal in order to be approved, the overall quality of the projects' logical frameworks showed improvement over the last two years. There was much better alignment with corporate priorities and much more data was available, although the verification of data, to some extent, remained a challenge.

35. Overall, as each of the four areas identified in the recommendation has been adequately addressed through the new project portal, the recommendation has been implemented.

Recommendation 4
Improve International Trade Centre capacity in the generation of evidence of results and the cost-effectiveness of its work

36. Recommendation 4 reads as follows:

> ITC should improve its capacity to generate credible evidence on the results its interventions have achieved for its beneficiaries and clients, and on these interventions' cost-effectiveness. Such improvements entail, at minimum:
>
> (a) Development of a risk-based evaluation plan, identifying higher-risk interventions requiring individualized evaluation attention and lower-risk interventions for which a bundled evaluation approach is adequate;
>
> (b) A monitoring and evaluation capacity development plan for equipping programme staff with monitoring and evaluation skills;
>
> (c) Continued roll-out of the integrated project portal, including finalization and use of the costing methodology;
>
> (d) Completion of the impact assessment methodology, ensuring that these methods include non-perceptual, verifiable documentary evidence of impacts to complement the perceptual evidence garnered through the client relationship management database;
>
> (e) Development of clear guidelines on what constitutes a client in the client relationship management database;
>
> (f) Revision of the Centre's 2008 evaluation policy and of the reporting lines of the Evaluation and Monitoring Unit to ensure that the present recommendation and aspects of recommendation 5 are adequately implemented at the direct behest of the Executive Director of ITC.
>
> Indicator of achievement: The actions described in the recommendation are undertaken, and their meaningful follow-through monitored, resulting in credible evidence on the results interventions have achieved for the Centre's beneficiaries and clients, and at what cost

37. The recommendation addressed the need for ITC to generate credible evidence, as it had gathered little evidence to document results achieved beyond the level of outputs. At the time of the evaluation, it was not possible to identify projects with compelling evidence as to whether or not ITC projects succeeded in achieving the intended outcomes.[17] The Centre's lack of investment in monitoring and evaluation applied to programmes and projects of all types and sizes.[18] While ITC was refining

[17] Ibid., para. 19.
[18] Ibid., para. 22.

its impact assessment methods, there was no evidence at the time that ITC intended to undertake a more appropriately rigorous approach to impact measurement: the structural arrangements did not afford the monitoring and evaluation function sufficient operational independence to generate credible results information. An earlier finding from a 2013[19] assessment had indicated that the ITC evaluation policy was seen as only moderately adhering to the norms and standards of the United Nations Evaluation Group.[20] Prior assessments also showed that ITC had not been able to demonstrate linkages between results achieved and resources that it had allocated.[21]

38. The present review assessed each of the five elements required by the recommendation, as follows.

39. **Risk-based evaluation plan.** Since 2016, the Evaluation Unit has followed a risk-based approach to identify the interventions subject to evaluation in the ITC evaluation work programme. That practice was formalized in the revised evaluation policy (2015), in which it was stated that the selection criteria and priority setting shall take into consideration the results of a risk assessment.[22] While the evaluation policy did not provide further details on the risk assessment methodology, the evaluation work programme for 2016 indicated the use of a risk assessment methodology. The methodology was based on a rating of several risk factors, which included donor sensitiveness, budget, delivery complexity and accountability. The work programme also provided the actual risk assessment of the proposed evaluations for 2016 and 2017.[23] While the evaluation work programme for 2017 and 2018 did not provide a detailed risk assessment similar to that for the 2016–17 work programme, it stressed that a risk assessment was used for the selection of the evaluations, which was confirmed by ITC staff. This element of the recommendation has been implemented.

40. **Monitoring and evaluation capacity development.** The ITC Independent Evaluation Unit developed comprehensive evaluation guidelines (July 2017) which covered a large number of pertinent topics ranging across monitoring and evaluation plans, the process of conducting evaluations, quality checklists and ready-to-use templates. This was a useful resource for ITC staff and could significantly contribute to monitoring and evaluation capacity development. The Independent Evaluation Unit prepared a monitoring and evaluation online training programme for project managers, to be delivered through the ITC online trade academy. The online training is expected to be rolled out in the first quarter of 2018. The unit organized several ad hoc training sessions with staff on topics such as the ITC evaluation policy and the Donor Committee for Enterprise Development standard for measuring results. The Independent Evaluation Unit provided advice to project managers whose projects were evaluated or self-evaluated. The introduction of project completion reports required staff to be familiar with the evaluation criteria outlined in the evaluation policy. ITC did not have records available for review by the Inspection and Evaluation Division of OIOS as to who and how many persons benefited from coaching and advice provided by the Independent Evaluation Unit, and, as the online trainings scheduled to begin in 2018 had not yet started, actual capacity development appeared to be limited. This element of the recommendation was partially implemented.

[19] Independent assessment of Secretariat evaluation functions, Inspection and Evaluation Division of OIOS, 2013.

[20] E/AC.51/2015/8, paras. 28 and 30.

[21] Ibid., para. 42, footnote, "For example, the 2006 and 2014 evaluations of ITC; Board of Auditors reports A/63/5 (Vol. III), para. 77, A/65/5 (Vol. III), para. 78, etc.".

[22] ITC evaluation policy, 2nd ed., June 2015, para. 39.

[23] 2016 evaluation work programme, pp. 6–8.

41. **Costing methodology.** ITC did not have a finalized costing methodology. The development of a real-time cost-tracking tool was postponed as a result of the move from the ITC enterprise resource planning system to Umoja, the United Nations enterprise resource planning system in late 2015. During 2017, Umoja functionality for structuring budgets was increasingly used for output-based budgets and expenditure tracking. ITC also improved its reporting on expenditures by focus area and by Sustainable Development Goal, based on data aggregation through the new project portal. The October 2017 report on the period 1 January–30 June 2017 to the Consultative Committee of the ITC Trust Fund contained reporting on delivery by focus area, programme, Sustainable Development Goal, country, country type, region and cost category.[24] Work was ongoing to address the costing methodology of specific interventions and results (taking into account the development of Umoja II). The delay in fully implementing this element of the recommendation will result in the limited ability of ITC to make informed decisions based on clear and credible indications of its overall efficiency and effectiveness, including value for money.[25] Thus, while some work had been done, this element of the recommendation was a work in progress and was partially implemented.

42. **Impact assessment methodology.** A review of the new evaluation guidelines showed that impact assessment was of importance to ITC. While there was no detailed description of a specific impact assessment methodology, several options were highlighted. Central to assessing impact was the use of theory of change[26] analysis.[27] Theories of change were developed for all 15 programmes.[28] The Guidelines recommended the use of interviews, surveys and national statistics to assess impact. Some specific impact measurement methodologies were piloted at the project level. For example, in 2016, ITC conducted an impact assessment of a coffee project in Uganda. The assessment took place three years after project completion and analysed the long-lasting economic and social impact on small coffee farmers, a private coffee trade association and on policymaking for coffee businesses in Uganda.[29] The review did not assess the quality of the impact assessment. In early 2017, ITC started to prepare project completion reports which required staff to provide evidence in terms of higher-level results (i.e. beyond output level). Every project was required to report on impact vis-à-vis Sustainable Development Goal targets. When inputting project information in the new project portal, project managers were required to indicate to which Sustainable Development Goals the project was expected to contribute. The ITC global public goods user survey showed some higher-level results of ITC work.[30] Overall, while significant steps had been taken with regard to a conceptual framework for impact assessment, a detailed description of how to apply the framework at the project level was not available. This element of the recommendation was a work in progress and was partially implemented. This view is shared by ITC staff.

[24] ITC, Report to the Consultative Committee of the ITC Trust Fund, 1 January–30 June 2017. Available from www.intracen.org/about/jag/itc_trust_fund/.

[25] *Evaluation of the International Trade Centre UNCTAD/WTO, Synthesis Report* (Evaluation Department, Ministry of Foreign Affairs of Denmark, Copenhagen, 2006). Available from www.itcevaluation.org/); Independent Evaluation of the International Trade Centre (2014), para. 310. Available from www.intracen.org/uploadedFiles/intracenorg/Content/About_ITC/How_ITC_Works/Evaluation/1%20Evaluation%20Report.pdf.

[26] A theory of change explains the intervention logic, i.e., how activities contribute to a chain of results that produce ultimate intended impacts.

[27] ITC evaluation guidelines, July 2017, para. 54.

[28] Example: Empowering women to trade programme document 2016–2021, p. 30.

[29] ITC, 2017 annual evaluation synthesis report, paras. 25 and 54–58.

[30] E.g., ITC market intelligence tools helped generate around $200 million in trade transactions in 2016 (ITC Annual Report 2016, p. 17).

43. **Guidelines on what constitutes a client.** The new ITC strategic plan 2018–2021 provided a clear description of its primary clients, which are micro, small and medium-sized enterprises. The strategy explicitly mentioned women and young entrepreneurs, national Governments and trade and investment support institutions.[31] The new client relationship management system, which included the definition of client categories in the system, was viewed as a useful tool also for harvesting information at the output level (e.g. number of training courses, events, etc.). This element of the recommendation has been implemented.

44. **Revision of evaluation policy and reporting lines.** In June 2015, the Joint Advisory Group endorsed the revised evaluation policy. In June 2016, a peer review of the Evaluation Office indicated that the new evaluation policy did not provide for sufficient structural and functional independence of the Evaluation Unit, resulting in the recommendation that "the Evaluation Unit should be granted a distinct functional status, ideally separate from Strategic Planning, Performance and Governance and located within the office of and reporting directly to the Executive Director."[32] The independence of the Evaluation Office has, at least to some extent, since been strengthened. In late 2016, a direct reporting line to the Executive Director/Deputy Executive Director was established. The Evaluation Unit was renamed the ITC Independent Evaluation Unit.[33] However, the Unit continues to be a part of Strategic Planning, Performance and Governance, with a dual reporting structure: on evaluation results, the head of the Unit could approach the Executive Director/Deputy Executive Director directly. For any other business, such as the clearing of evaluation guidelines or training material, the head of the Unit continued to report to the Chief of Strategic Planning, Performance and Governance. The independence of the Unit is therefore determined to a large extent by the prevailing management approach. As institutional independence can be further strengthened, this element of the recommendation was partially implemented.

45. As a result of the incomplete implementation of the monitoring and evaluation capacity development, the incomplete costing methodology, the work in progress with regard to the implementation of the impact assessment methodology and the suboptimal institutional independence of the evaluation function, the recommendation was partially implemented.

Recommendation 5
Institutionalize cross-cutting issues gender, youth and the environment into projects

46. Recommendation 5 reads as follows:

> ITC should accelerate the integration of cross-cutting issues into its projects.
>
> This includes:
>
> (a) Strengthened capacity-development support for promoting integration of cross-cutting issues into project design;
>
> (b) Incorporating into the project approval process an appraisal of proposals' attention to all three cross-cutting areas, in accordance with the Centre's 2014 guidance on Project Approval Committee development markers on the cross-cutting issues;

[31] ITC strategic plan 2018–2021, pp. 9–11.
[32] Professional peer review of the evaluation function at the International Trade Centre, June 2016, paras. 171 and 183.
[33] ITC, 2017 annual evaluation synthesis report, p. 28.

(c) Sharpening conceptual clarity on the Centre's approach to the environment, clearly articulating whether the 2014 environment mainstreaming strategy implies heightened attention to minimizing the Centre's environmental footprint, explicitly supporting small and medium-sized enterprises and/or innovations that address environmental challenges, or something else.

Indicator of achievement: The actions described in the recommendation are undertaken, and their meaningful follow-through monitored, resulting in a clearer integration of cross-cutting issues in an increasing number of projects

47. The recommendation addressed the weakness of ITC integration of cross-cutting issues into project designs. ITC had three cross-cutting issues at the time of the evaluation:[34] gender, the environment and youth. Despite commendable advances, substantive integration of gender into ITC projects remained weak. While gender-disaggregated data on development outputs and outcomes were collected, monitoring and reporting on gender equity was unsystematic.[35] There was limited mainstreaming of environmental aspects in ITC projects and it was unclear whether the goal of the ITC 2014 environment mainstreaming strategy was to minimize its own environmental impact or support environmental innovation among small and medium-sized enterprises, or something else.[36]

48. The review assessed progress against the three elements of the recommendation. Since 2015, gender, youth and the environment have been elevated to corporate priorities because of their relevance to the Sustainable Development Goals and trade. Having specific programmes in each of these three cross-cutting areas was also seen as beneficial for developing appropriate approaches applicable in various situations. One of the six focus areas of ITC is "inclusive and green trade", in which there were key initiatives focusing on women (SheTrades) and youth ("Building youth entrepreneurship"). The triennial review indicated that, in particular on gender, ITC had become a strong advocate for women in trade. For example, it played a key role in the Joint Declaration on Trade and Women's Economic Empowerment on the occasion of the Ministerial Conference of the World Trade Organization in Buenos Aires in December 2017. Since youth became a corporate priority about three years ago, ITC has committed to support the Global Initiative on Decent Jobs for Youth. Some significant achievements, such as the Youth Empowerment Project in Gambia were funded through the European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa. The Trade and Environment Programme strengthened the capacity of small and medium-sized enterprises in developing countries to compete in environmental markets. The programme also addressed challenges relating to climate resilience and biodiversity loss. ITC provided analysis and support in different global value chains, including agri-food, natural products, fibres and leather.

49. **Capacity-development support for promoting integration of cross-cutting issues into project design.** ITC developed a new guide for project managers for mainstreaming the environment into the various projects.[37] On gender, there were guidelines from 2009/2010 which appeared to be no longer in use. For youth, no guides were available. While ITC conducted training on environmental mainstreaming, very little formal training on mainstreaming of the cross-cutting gender and youth issues was conducted. Capacity-building on cross-cutting issues took place not through formal training but primarily through tailored advice on individual project basis by the in-house experts. Capacity-building on cross-cutting

[34] E/AC.51/2015/8, para. 46.
[35] Ibid., para. 51.
[36] E/AC.51/2015/8, para. 48.
[37] ITC, "Environmental Mainstreaming: a guide for project managers" (2016).

issues was held systematically by the project design task force during the project design phase, as the new project portal required each project to show how it contributed to cross-cutting issues. Other capacity-development activities were internal meetings on cross-cutting issues, such as a presentation given on gender research results to ITC staff. Likewise, events such as the ITC annual World Export Development Forum showcased success stories of young entrepreneurs. ITC performance was reported as good in the 2016 report on the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP).[38] This element of the recommendation has been implemented.

50. **Project approval process.** Each of the 15 ITC programmes explicitly addressed the three cross-cutting issues of the environment, gender and youth. These programmes served as guiding frameworks for projects, with the objectives formulated at the programme level taken up at the project level. Moreover, the new project portal required each project to show how it contributed to the cross-cutting issues of gender, youth and the environment. These "development markers" were included in every new project design and assessed as part of the project appraisal process. The ratings given included: "high", showing specific outputs on gender, youth or environment; "moderate", with the cross-cutting issues incorporated; or "low", with no integration. Each project was required to link the project impact with Sustainable Development Goal targets, including on gender, youth and the environment, where appropriate, and had to report accordingly. This facilitated results reporting at the corporate level. This element of the recommendation has been implemented.

51. **Conceptual clarity on mainstreaming the environment.** ITC developed a new guide for project managers on systematically mainstreaming environmental considerations into its work.[39] The guide provided project managers with tools to assess environmental considerations in project planning and implementation, in order to mitigate risks, enhance resilience and seize opportunities to expand trade in sustainable goods and services. The guidelines contained, among other elements:

(a) A concept of environmental mainstreaming;[40]

(b) Guidance on completing the environmental section of the cross-cutting issues and development markers section of a project plan;

(c) A list of indicative questions to help project managers consider specific environmental aspects of project plans;

(d) A matrix to identify key environmental opportunities and risks covering a range of sectors;

(e) Guidance on the environmental rating system and minimum environmental ratings;

(f) Guidance on finding appropriate outputs and indicators for environment in the logical framework of a project;

(g) A detailed matrix of key environmental concerns by sector, with recommended sources of further information.

52. The guide appeared helpful in sharpening the conceptual clarity of the ITC approach towards the environment. This element of the recommendation has been implemented.

[38] 2016 UN-SWAP report.
[39] ITC, "Environmental Mainstreaming".
[40] Ibid., p. 4.

53. ITC has significantly advanced since 2015 in promoting women, youth and the environment in trade. Although the capacity-development support for promoting integration of cross-cutting issues can be further strengthened by updating the gender guidelines and preparing guidelines for youth, overall, the recommendation has been implemented.

III. Conclusion

54. ITC has taken significant steps to implement all recommendations contained in the evaluation by the Inspection and Evaluation Division of OIOS of 2015. ITC is more focused on core corporate priorities as compared with three years ago. Also, there is overall a better alignment of corporate priorities with client and donor priorities. In parallel, specific ITC projects are better aligned with corporate priorities. ITC makes better use of results-based management tools such as logical frameworks and theory of change methodology. The reporting and evidence generation on results, including higher-level results, has improved. Finally, ITC has made an effort through its programmes and projects to advance the promotion of women, youth and the environment in trade. While there have been some positive changes to the work of ITC as a result, a measurable impact of the implementation of the recommendations remains to be fully assessed.

55. Three important changes remain to be fully effected. To allow ITC to strengthen its results orientation and align with its needs-based strategic priorities, the shift from earmarked to unearmarked resources, despite the adoption of a more strategic approach to resource mobilization, is yet to happen. Unearmarked resources would further allow ITC to base its projects on its own corporate rather than the donor's priorities. There remains a continued need to enhance the capacity development support for cross-cutting issues as well as the impact assessment of ITC work. The structural independence of the evaluation function can be further enhanced by abolishing the dual reporting line. The ITC Independent Evaluation Unit should exclusively report to the Executive Director/Deputy Executive Director on all matters. The second reporting line to Strategic Planning, Performance and Governance should be abolished.

(*Signed*) Heidi **Mendoza**
Under-Secretary-General for Internal Oversight Services

March 2018

Annex*

Comments from the International Trade Centre

The International Trade Centre (ITC) extends its appreciation to the Office of Internal Oversight Services (OIOS) for its thorough triennial review and for the opportunity to provide comments.

ITC is pleased that OIOS has recognized the significant accomplishments of ITC in implementing all recommendations contained in the OIOS evaluation by the Inspection and Evaluation Division of Office of Internal Oversight Services of 2015 and in the 2014 funder-led independent evaluation of the ITC, resulting in a more focused and results-driven organization.

Following the recommendations received, the management of ITC has put considerable emphasis on accountability to its stakeholders, documenting and communicating regularly on the organization's progress in implementing the jointly agreed action plans that resulted from the evaluation recommendations. ITC strengthened its entire results-based management system, adopting a more holistic, data-driven approach to strategic planning and budgeting; aligning programme and project approval protocols to firmly established corporate priorities under a corporate theory of change; reinforcing its approach to objective needs assessments, while paying attention to monitoring, evaluation and risk management. ITC has also advanced the promotion of women, youth and the environment in trade, both through programmes directly targeting these client groups, as well as through mainstreaming their interests into all ITC programmes and projects.

ITC agrees with the spirit of the three specific changes that according to OIOS' assessment remain to be fully effected:

(a) The shift from earmarked to unearmarked resources, despite the adoption of a more strategic approach to resource mobilization, was yet to happen

ITC agrees that unearmarked resources are preferable to hard-earmarked resources and ITC will continue its efforts to increase the amount of unearmarked resources in collaboration with its funders (having already successfully raised it in 2017 and for 2018). However, this is a challenge that concerns the whole United Nations system, as recognized in resolution 71/243, adopted by the General Assembly on 21 December 2016, and re-emphasized in the report of the Secretary-General of 21 December 2017 on repositioning the United Nations development system to deliver on the 2030 Agenda (A/72/684-E/2018/7). The challenge faced with the continuing fragmented nature of the system's funding and how it is inconsistent with the principles of integration and coordination, is further discussed in the report of the Secretary-General on the implementation of the General Assembly resolution on the quadrennial comprehensive policy review of operational activities for the development of the United Nations system, 2018 (A/73/63-E/2018/8). Given this funding environment, it is questionable to what extent ITC on its own can achieve such a target and be accountable for it. ITC will continue to explore what it can do *differently and better to increase its share of unearmarked resources*, in collaboration with its funders. Please note that OIOS conducted an audit in 2017 on ITC use of

* In the present annex, the Office of Internal Oversight Services presents the full text of comments received from the International Trade Centre. This practice has been instituted in line with General Assembly resolution 64/263, following the recommendation of the Independent Audit Advisory Committee.

unearmarked resources, and noted the very positive feedback from funders on the organization's performance.[1]

(b) A continued need to enhance the impact assessment of ITC work

ITC agrees that generating compelling evidence on the results achieved by ITC interventions and assessing the cost-effectiveness of these interventions has to be an ongoing endeavour. ITC has made significant progress over recent years, introducing innovative pilots for impact evaluations, structured evaluation guidelines, systematic tracking of project outcomes in the context of a corporate results framework, costing of ITC work in relation to focus areas, programmes, Sustainable Development Goal contributions and more. The goal to assess impact and prove value for money will remain an organizational priority, and ITC methodologies to achieve this are subject to an approach of continuous improvement. As stated in the Strategic Plan 2018–2021, ITC will continue to work on impact assessment methodologies. In 2018/19 the focus will be on the development of a tool to measure the impact of trade and investment support institution services on micro, small and medium-sized enterprise competitiveness, trade and employment, and on enhancing ITC methodology to assess the impact of ITC work with micro-entrepreneurs at the base of the pyramid.[2]

(c) Enhancement of the structural independence of the evaluation function by abolishing the dual reporting line. The Independent Evaluation Unit should exclusively report to the Executive/Deputy Executive Director on all matters

ITC agrees that its Independent Evaluation Unit needs to be able to work independently. In 2015, ITC invited a professional peer review of its evaluation function, conducted by the Evaluation Network of the Organization for Economic Co-operation and Development Development Assistance Committee and the United Nations Evaluation Group. The peer review, which was completed in 2016, assessed the evaluation function, its strategic fit in the organization, good practices and areas for improvement to better support achieving the strategic objectives of the organization. The peer review panel was comprised of three senior members chosen from bilateral and multilateral evaluation functions.[3]

Considering the specifics of ITC, the Panel recommended two options for the Independent Evaluation Unit placement in the ITC organization chart to ITC Management: The Evaluation Unit should either be granted a distinct functional status, ideally separate from Strategic Planning, Performance and Governance and located within the office of and reporting directly to the Executive Director, or, alternatively, continue within Strategic Planning, Performance and Governance but with a separate functional status with direct reporting/communication line with the Executive Director/Deputy Executive Director. ITC adopted and implemented the second recommendation. The Independent Evaluation Unit has a distinct functional status within Strategic Planning, Performance and Governance, which is part of the Office of the Executive Director, with a direct reporting and communication line to the Executive Director and the Deputy Executive Director. The Strategic Planning, Performance and Governance setting and support is for strategic leverage for the Independent Evaluation Unit to implement the evaluation policy and evaluation guidelines, and to support the corporate results framework.[4] With the implementation

[1] See Internal Audit Division, OIOS, Report 2017/152 "Audit of the International Trade Centre projects and activities funded by unearmarked funds (21 December 2017). Available from https://oios.un.org/page?slug=report.

[2] See ITC strategic plan 2018–2021.

[3] See Evaluation Network (June 2016). Professional peer review of the evaluation function ITC. Available from www.intracen.org/itc/about/how-itc-works/previous-jags/.

[4] See ITC management response to the professional peer review of the ITC Evaluation Function (2016). Available from www.intracen.org/itc/about/how-itc-works/previous-jags/.

of this peer review recommendation. ITC considers this recommendation as now closed, and intends to retain the present structure, which ensures the independence of the evaluation function while having additional operational benefits.

ITC appreciates the quality of the OIOS review, and thanks OIOS and its staff for the good cooperation in its conduct.